

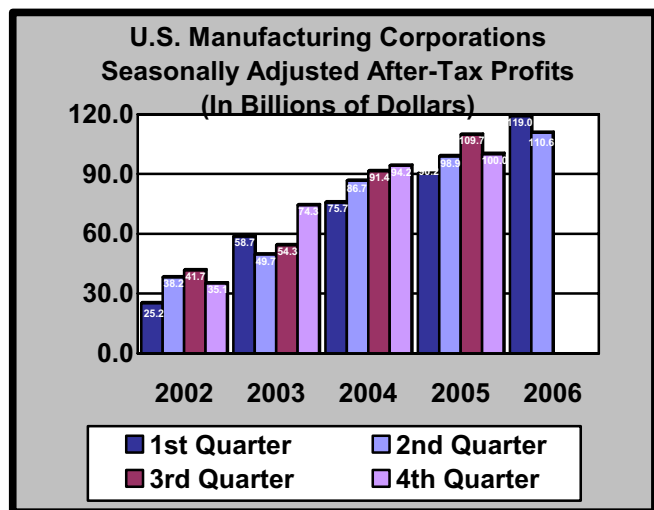
U.S. Census Bureau News

U.S. Department of Commerce • Washington, D.C. 20233

U.S. Census Bureau Contact:
Yolando St. George (301) 763-6600
John Seabold (301) 763-3386
e-mail: csd.qfr@census.gov

For Release Monday, September 11, 2006
10 a.m.(EDT)
CB06-141

SECOND QUARTER 2006 ADVANCE DATA FROM THE QUARTERLY FINANCIAL REPORT U.S. MANUFACTURING, MINING, AND WHOLESALE TRADE CORPORATIONS



Seasonally Adjusted After-Tax Profits and Sales

Manufacturing Corporations

Seasonally adjusted after-tax profits of U.S. manufacturing corporations totaled \$110.6 billion in the second quarter 2006, the U.S. Census Bureau reported. Second quarter 2006 after-tax profits were down \$8.4 (± 1.4) billion from the \$119.0 billion recorded in the previous quarter. Second quarter 2006 after-tax profits were up \$11.7 (± 1.4) billion from the \$98.9 billion recorded in the same quarter a year ago.

Seasonally adjusted sales for these manufacturers totaled \$1,435.3 billion for the quarter, not statistically different from the \$1,431.4 billion recorded in the first quarter 2006, but up \$110.5 (± 9.3) billion from the \$1,324.8 billion recorded in the second quarter 2005.

After-tax profits averaged 7.7 cents per dollar of sales for the quarter, 8.3 cents last quarter, and 7.5 cents a year earlier.

Nondurable Goods Manufacturers

Nondurable goods manufacturers' after-tax profits in the second quarter 2006 were \$68.1 billion, not statistically different from the \$67.6 billion recorded in the previous quarter, and up \$10.5 (± 0.7) billion from the \$57.7 billion in the second quarter 2005.

Seasonally adjusted sales for the quarter were \$715.7 billion, up \$7.1 (± 7.0) billion from the \$708.6 billion recorded in the prior quarter, and up \$65.1 (± 6.8) billion from the \$650.6 billion in the second quarter 2005.

After-tax profits averaged 9.5 cents per dollar of sales for the quarter, 9.5 cents last quarter (not a statistically significant change), and 8.9 cents a year earlier.

Durable Goods Manufacturers

Second quarter 2006 seasonally adjusted after-tax profits for durable goods manufacturers were \$42.4 billion, down \$8.9 (± 1.1) billion from the \$51.4 billion recorded in the previous quarter, but up \$1.2 (± 1.2) billion from the \$41.2 billion in the second quarter 2005.

Seasonally adjusted sales for the quarter were \$719.7 billion, not statistically different from the \$722.9 billion recorded in the previous quarter, but up \$45.4 (± 7.1) billion from the \$674.3 billion recorded in the second quarter 2005.

After-tax profits averaged 5.9 cents per dollar of sales for the quarter, 7.1 cents last quarter, and 6.1 cents a year earlier.

Unadjusted After-Tax Profits and Sales

Manufacturing Corporations

Second quarter 2006 unadjusted after-tax profits for U.S. manufacturing corporations were \$118.1 billion, up \$11.5 (± 1.4) billion over the \$106.7 billion recorded in the same quarter a year ago. This overall improvement was mainly due to higher domestic operating profits and equity earnings. When compared to the first quarter 2006 after-tax profits of \$118.7 billion, the second quarter 2006 after-tax profits were not statistically significant.

Unadjusted sales for the second quarter 2006 were \$1,465.1 billion, up \$113.0 (± 9.3) billion from \$1,352.2 billion in the same quarter a year ago, and up \$76.4 (± 9.4) billion from the prior quarter sales of \$1,388.7 billion.

After-tax profits per dollar of sales averaged 8.1 cents this quarter, 7.9 cents in the second quarter 2005, and 8.5 cents last quarter.

Nondurable Goods Manufacturers

Second quarter 2006 nondurable goods manufacturers' unadjusted after-tax profits of \$69.4 billion were up \$10.3 (± 0.7) billion from the \$59.1 billion recorded in the second quarter 2005. When compared to the second quarter last year, the overall industry was up, buoyed by petroleum and coal products' increase of \$9.4 (± 0.2) billion coming from domestic and foreign operating income. Chemical products also had a strong quarter with an overall increase of \$1.6 (± 0.4) billion, from domestic operating and nonoperating earnings slightly offset by decreases in equity earnings. The pharmaceuticals and medicines industry did not contribute to the increase as they showed a small decline in earnings. The other underlying industries reported changes in after-tax profits that were small or not statistically significant.

Unadjusted sales for the second quarter 2006 were \$725.5 billion, up \$65.4 (± 6.8) billion from the \$660.0 billion in the same quarter a year ago, and up \$39.2 (± 7.0) billion from the prior quarter sales of \$686.2 billion.

After-tax profits per dollar of sales averaged 9.6 cents this quarter, 9.0 cents in the second quarter 2005, and 9.9 cents last quarter.

When compared to the first quarter 2006 after-tax profits of \$67.6 billion, the second quarter 2006 after-tax profits were up \$1.8 (± 0.7) billion. When compared to the last quarter, results were mixed within the industry categories. Petroleum and coal products' earnings topped the list this quarter with an increase of \$7.4 (± 0.2) billion, mainly from domestic earnings as well as equity earnings. Beverage and tobacco products' increase of \$1.1 (± 0.1) billion resulted from domestic operating income. Chemical products' decline of \$6.6 (± 0.4) billion, resulted from domestic operations, nonrecurring charges and equity earnings mostly in the pharmaceuticals and medicines industry.

Durable Goods Manufacturers

Second quarter 2006 durable goods manufacturers' unadjusted after-tax profits of \$48.7 billion were not statistically different from the \$47.6 billion recorded in the second quarter 2005. When compared to the second quarter last year, results were mixed within the underlying industry categories. Machinery products reported an increase of \$3.1 (± 0.4) billion, equally from domestic and foreign operations. Computer and electronic products reported an increase of \$1.8 (± 0.5) billion, due to increased domestic and foreign operating earnings, slightly offset by nonoperating and nonrecurring charges. Transportation equipment's earnings declined \$3.8 (± 0.4) billion, mainly due to motor vehicles and parts' decline of \$4.1 (± 0.1) billion from domestic operations. Miscellaneous manufacturing also reported decreased earnings of \$3.0 (± 0.2) billion mainly from domestic earnings. The other underlying industries reported changes in after-tax profits that were small or not statistically significant.

Unadjusted sales for the second quarter 2006 were \$739.7 billion, up \$47.5 (± 7.1) billion from the \$692.1 billion in the same quarter a year ago, and up \$37.1 (± 7.1) billion from the prior quarter sales of \$702.5 billion.

After-tax profits per dollar of sales averaged 6.6 cents this quarter, 6.9 cents in the second quarter 2005, and 7.3 cents last quarter.

When compared to the first quarter 2006 after-tax profits of \$51.1 billion, the second quarter 2006 after-tax profits were down \$2.4 (± 1.1) billion. Miscellaneous manufacturing reported decreased earnings of \$4.3 (± 0.1) billion, mainly from domestic operations. Transportation equipment's overall decrease of \$3.8 (± 0.4) billion generally came from domestic operations in the motor vehicles and parts industry.

Computer and electronic products reported a decrease of \$1.6 (± 0.4) billion, due to increased domestic earnings offset by equity earnings and nonrecurring charges. Machinery products' increase of \$2.2 (± 0.4) billion mainly came from domestic operating profits and equity earnings. Nonmetallic mineral products reported an increase of \$1.9 (± 0.3) billion from domestic operating earnings.

Mining Corporations

Second quarter 2006 unadjusted after-tax profits for mining corporations with assets of \$50 million and over, at \$10.6 billion, were up \$1.2 (± 0.1) billion from the \$9.4 billion recorded in the second quarter 2005.

Unadjusted sales for the second quarter 2006 were \$41.6 billion, up \$4.4 (± 0.3) billion from the \$37.2 billion in the same quarter a year earlier.

After-tax profits per dollar of sales averaged 25.5 cents this quarter, compared to the 25.2 cents in the second quarter 2005.

Wholesale Trade Corporations

Second quarter 2006 unadjusted after-tax profits for wholesale trade corporations with assets of \$50 million and over, at \$9.8 billion, were down \$1.5 (± 0.2) billion from the \$11.3 billion recorded in the second quarter 2005.

Unadjusted sales for the second quarter 2006 were \$438.8 billion, up \$35.3 (± 5.5) billion from the \$403.5 billion in the same quarter a year earlier.

After-tax profits per dollar of sales averaged 2.2 cents this quarter, compared to the 2.8 cents in the second quarter 2005.

NOTE

These advance data, based on quarterly financial reports from approximately 8,100 corporations, were released today from the Quarterly Financial Report for Manufacturing, Mining, and Trade Corporations – Second quarter 2006 (QFR-06-2).

SAMPLING

The data presented in this report are estimated from a sample survey and therefore are subject to sampling variability as well as nonsampling variability such as response error, nonreporting, and coverage errors. Estimates of sampling variability are presented in the publication. A statement such as "up 2.5 (± 0.2) cents", appearing in the text, indicates the range (+2.3 to +2.7 cents) in which the actual change is likely to have occurred. The range given for the change is a 90% confidence interval that accounts only for sampling variability. If the range had contained zero (0), it would have been uncertain whether there was an increase or decrease; that is, the change would not have been statistically significant. For any comparison cited without a confidence interval, the change is statistically significant at the 90% confidence level. The quarterly publication includes more detailed explanations of confidence intervals and sampling variability, along with additional measures of sampling variability.

DATA AVAILABILITY

This press release can be viewed today in page image format (.pdf) at the internet website <http://www.census.gov/csd/qfr>. More detailed information on U.S. Manufacturing, Mining, and Wholesale and Retail Trade Corporations is available for downloading at our website under "QFR Products: Publication". The publication includes statements of income and retained earnings, balance sheets, and related financial and operating ratios. Data presented are classified by industry and asset size.

Second quarter 2006 advance data for U.S. Retail Corporations are scheduled for release on October 11, 2006.

Third quarter 2006 advance data for U.S. Manufacturing, Mining, and Wholesale Trade Corporations are scheduled for release on December 12, 2006, and for U.S. Retail Corporations on January 9, 2007.

Table 1. U.S. Manufacturing Corporations

Item	Seasonally adjusted			Unadjusted		
	2Q 2006	1Q 2006 ¹	2Q 2005 ¹	2Q 2006	1Q 2006 ¹	2Q 2005 ¹
Rate of return (after taxes):						
Cents per dollar of sales	7.7	8.3	7.5	8.1	8.5	7.9
Percent on equity (annual rate)	N/A	N/A	N/A	17.9	18.4	17.9
	(million dollars)					
Sales.....	1,435,349	1,431,427	1,324,837	1,465,130	1,388,748	1,352,179
Income after income taxes	110,552	118,981	98,890	118,126	118,723	106,662
Dividends paid (cash)	N/A	N/A	N/A	42,630	38,214	37,720

¹Revised.

Table 2. U.S. Manufacturing Corporations' Seasonally Adjusted Sales And Net Income After-Tax¹

Industry group and year	Sales ²				After-tax profits ²			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	(million dollars)				(million dollars)			
All manufacturing:								
1996.....	914,310	932,805	948,252	961,124	51,256	53,853	61,168	58,843
1997.....	965,850	972,550	986,679	994,892	60,784	61,712	61,796	60,462
1998.....	990,047	981,833	985,924	993,294	74,730	49,049	60,913	49,956
1999.....	1,003,275	1,026,681	1,047,983	1,071,124	59,942	63,414	66,715	67,875
2000.....	1,120,707	1,128,206	1,145,109	1,120,202	77,408	71,128	73,932	47,777
2001.....	1,115,955	1,094,121	1,059,299	1,026,882	162	16,294	11,261	8,440
2002.....	1,025,398	1,049,530	1,065,352	1,074,953	25,178	38,248	41,658	35,103
2003.....	1,102,126	1,074,513	1,106,869	1,110,323	58,706	49,740	54,286	74,276
2004.....	1,181,685	1,223,262	1,250,218	1,277,039	75,738	86,735	91,431	94,222
2005.....	1,297,106	1,324,837	1,384,833	1,392,072	90,248	98,890	109,702	99,995
2006.....	1,431,427	1,435,349			118,981	110,552		
All nondurable manufacturing:								
1996.....	442,225	452,594	457,730	462,759	28,028	28,292	32,053	30,558
1997.....	463,186	456,802	461,376	463,101	33,379	30,659	30,441	28,824
1998.....	452,460	446,295	443,687	439,362	29,717	28,603	30,637	17,778
1999.....	445,900	452,983	461,304	474,558	26,428	29,047	31,107	30,937
2000.....	507,789	514,882	527,990	502,720	37,474	38,859	36,709	29,322
2001.....	509,149	506,410	489,035	469,502	31,712	34,401	26,574	19,540
2002.....	464,953	479,101	497,868	512,715	26,883	29,258	30,328	32,117
2003.....	542,211	514,953	533,984	522,817	43,837	34,197	29,343	41,469
2004.....	572,234	594,435	606,489	622,685	41,211	47,202	51,319	51,869
2005.....	636,902	650,562	692,297	689,908	55,562	57,661	63,387	62,162
2006.....	708,555	715,679			67,611	68,124		
All durable manufacturing:								
1996.....	472,085	480,211	490,522	498,365	23,228	25,561	29,115	28,285
1997.....	502,665	515,749	525,303	531,790	27,405	31,052	31,354	31,638
1998.....	537,587	535,539	542,237	553,932	45,013	20,447	30,276	32,178
1999.....	557,376	573,698	586,679	596,566	33,514	34,367	35,608	36,938
2000.....	612,918	613,324	617,120	617,482	39,933	32,270	37,223	18,455
2001.....	606,806	587,711	570,264	557,381	(31,551)	(18,107)	(15,313)	(11,100)
2002.....	560,445	570,429	567,484	562,238	(1,705)	8,990	11,330	2,986
2003.....	559,915	559,560	572,885	587,506	14,869	15,543	24,943	32,807
2004.....	609,451	628,827	643,730	654,354	34,526	39,533	40,112	42,353
2005.....	660,203	674,275	692,536	702,164	34,686	41,229	46,315	37,833
2006.....	722,871	719,670			51,371	42,429		

¹Data after fourth quarter 2000 are presented on the North American Industry Classification System basis. Data prior to fourth quarter 2000 are presented on the Standard Industrial Classification system basis.

²Revised.

Table 3. U.S. Manufacturing, Mining, And Trade Corporations' Unadjusted Sales And Profits

Industry group	Sales			Operating profits ¹			After-tax profits		
	2Q	1Q	2Q	2Q	1Q	2Q	2Q	1Q	2Q
	2006	2006 ²	2005 ²	2006	2006 ²	2005 ²	2006	2006 ²	2005 ²
	(million dollars)								
All manufacturing ³	1,465,130	1,388,748	1,352,179	106,445	94,966	98,132	118,126	118,723	106,662
All nondurable manufacturing	725,458	686,214	660,042	65,048	55,698	57,853	69,423	67,616	59,094
Food.....	108,716	107,622	104,976	5,799	5,688	6,061	4,524	5,031	4,627
Beverage and tobacco products	37,853	34,341	37,124	7,001	5,502	6,356	7,343	6,224	7,060
Textile mills and textile product mills	12,321	12,184	12,382	808	637	736	455	370	383
Apparel and leather products	20,070	21,578	22,749	1,593	1,667	1,929	1,205	1,387	1,594
Paper.....	35,399	34,423	37,940	1,388	928	3,781	709	95	1,427
Printing and related support activities	17,920	17,546	16,334	1,489	1,210	1,141	783	851	602
Petroleum and coal products.....	278,870	250,784	229,530	24,428	16,634	18,456	32,111	24,744	22,738
Chemicals	170,962	165,869	158,526	19,401	20,684	16,862	20,536	27,135	18,983
Basic chemicals, resins, and synthetics ⁴	56,159	53,895	52,936	4,110	3,781	4,022	4,012	3,372	3,402
Pharmaceuticals and medicines ⁴	67,439	66,493	60,296	9,521	12,139	8,234	11,942	19,944	12,259
All other chemicals ⁴	47,364	45,480	45,293	5,770	4,764	4,606	4,582	3,820	3,323
Plastics and rubber products	43,348	41,868	40,480	3,141	2,749	2,531	1,757	1,779	1,680
All durable manufacturing	739,672	702,533	692,137	41,397	39,268	40,279	48,703	51,106	47,568
Wood products	21,172	18,814	21,015	1,755	1,398	1,618	1,189	827	1,085
Nonmetallic mineral products.....	34,375	28,999	29,849	4,247	2,409	3,702	2,990	1,106	2,682
Primary metals	59,785	53,454	49,402	6,325	4,986	4,807	5,170	4,002	4,144
Iron, steel, and ferroalloys ⁴	28,450	26,419	25,361	3,266	2,723	2,624	2,497	1,949	1,793
Nonferrous metals ⁴	23,818	20,686	18,351	2,333	1,788	1,661	2,179	1,659	1,972
Foundries ⁴	7,517	6,349	5,690	726	476	521	494	394	379
Fabricated metal products	65,251	61,809	59,040	6,918	6,302	5,482	5,568	5,034	4,381
Machinery	91,104	85,020	81,824	8,754	7,241	6,543	8,767	6,571	5,618
Computer and electronic products.....	142,264	140,120	137,453	8,784	4,932	6,822	15,360	16,929	13,606
Computer and peripheral equipment ⁴	44,552	43,940	41,841	1,608	162	1,011	5,617	5,393	5,190
Communications equipment ⁴	28,380	27,818	28,182	1,973	394	1,487	3,624	3,069	3,286
All other electronic products ⁴	69,332	68,362	67,431	5,203	4,376	4,324	6,119	8,467	5,129
Electrical equipment, appliances, and components	49,131	46,674	48,826	3,934	3,147	3,549	6,865	6,001	6,759
Transportation equipment	222,436	214,824	214,835	(969)	3,140	3,072	1,737	5,544	5,575
Motor vehicles and parts ⁴	156,542	153,546	151,898	(6,486)	(2,366)	(2,230)	(2,602)	1,211	1,456
Aerospace products and parts ⁴	52,360	49,035	51,095	3,779	4,045	3,959	2,874	3,341	3,162
Furniture and related products	20,339	19,768	18,703	1,881	1,515	1,403	1,283	974	954
Miscellaneous manufacturing	33,815	33,052	31,190	(233)	4,199	3,281	(225)	4,118	2,764
All mining ³	41,625	43,273	37,190	12,093	13,606	9,866	10,595	12,513	9,382
All wholesale trade ³	438,811	415,858	403,500	13,693	12,550	12,925	9,811	8,921	11,284
All retail trade ³	N/A	464,080	442,583	N/A	23,228	21,092	N/A	15,961	13,876

¹Operating profits are profits before nonoperating income and expense items and income taxes.

²Revised.

³Manufacturing data are the quarterly results of companies within that division with assets over \$250,000; data for mining and trade corporations represent the quarterly results of companies with assets over \$50 million.

⁴Included in major industry above.